

**STATE BONDING FUND**  
**INVESTMENT PERFORMANCE REPORT AS OF JUNE 30, 2004**

	June-04					March-04				December-03				September-03				Current	Prior Year	3 Years	5 Years
	Allocation		Quarter	Month		Allocation		Quarter		Allocation		Quarter		Allocation		Quarter		FYTD	FY03	Ended	Ended
	Market Value	Actual				Market Value	Actual			Market Value	Actual			Market Value	Actual						
			Net ROR	Net ROR				Net ROR				Net ROR				Net ROR		Net	Net	6/30/2003	6/30/2003
																				Net	Net
<b>LARGE CAP DOMESTIC EQUITY</b>																					
<i>Structured Growth</i>																					
Los Angeles Capital	85,532	2.3%	2.3%	2.95%	1.80%	93,581	2.3%	2.3%	-0.33%	92,862	2.4%	2.3%	9.14%	85,073	2.3%	2.3%	N/A	N/A	N/A	N/A	N/A
AllianceBernstein	-	0.0%	0.0%	N/A	N/A	0	0.0%	0.0%	N/A	-	0.0%	0.0%	N/A	-	0.0%	0.0%	N/A	N/A	-1.88%	-21.24%	-6.07%
<b>Total Structured Growth</b>	<b>85,532</b>	<b>2.3%</b>	<b>2.3%</b>	<b>2.95%</b>	<b>1.80%</b>	<b>93,581</b>	<b>2.3%</b>	<b>2.3%</b>	<b>-0.33%</b>	<b>92,862</b>	<b>2.4%</b>	<b>2.3%</b>	<b>9.14%</b>	<b>85,073</b>	<b>2.3%</b>	<b>2.3%</b>	<b>4.99%</b>	<b>17.58%</b>	<b>-1.88%</b>	<b>-21.24%</b>	<b>-6.07%</b>
Russell 1000 Growth				1.94%	1.25%				0.79%				10.41%				3.92%	17.88%	2.94%	-21.54%	-5.03%
<i>Structured Value</i>																					
LSV	86,636	2.3%	2.3%	2.33%	3.97%	92,584	2.3%	2.3%	6.26%	93,798	2.4%	2.3%	15.69%	81,203	2.2%	2.3%	3.78%	30.56%	-2.25%	8.84%	3.73%
Russell 1000 Value				0.88%	2.36%				3.03%				14.19%				2.06%	21.13%	-1.02%	-0.19%	1.05%
<i>Russell 1000 Enhanced Index</i>																					
LA Capital	177,656	4.7%	4.5%	-0.09%	2.15%	-	0.0%	0.0%	N/A	-	0.0%	0.0%	N/A	-	0.0%	0.0%	N/A	N/A	N/A	N/A	N/A
Russell 1000				1.40%	1.80%				N/A				N/A				N/A	N/A	N/A	N/A	N/A
<i>S&amp;P 500 Enhanced Index</i>																					
Westridge	172,868	4.6%	4.5%	-0.26%	1.95%	-	0.0%	0.0%	N/A	-	0.0%	0.0%	N/A	-	0.0%	0.0%	N/A	N/A	N/A	N/A	N/A
S&P 500				1.72%	1.94%				N/A				N/A				N/A	N/A	N/A	N/A	N/A
<i>Index</i>																					
State Street	52,112			1.68%	1.92%	37,267			1.68%	420,301			12.15%	374,694			2.64%	19.01%	0.23%	-11.28%	-1.69%
Transition Account	-			N/A	N/A	376,598			N/A	N/A			N/A	N/A			N/A	N/A	N/A	N/A	N/A
<b>Total Index</b>	<b>52,112</b>	<b>1.4%</b>	<b>1.5%</b>	<b>1.68%</b>	<b>1.92%</b>	<b>413,865</b>	<b>10.2%</b>	<b>10.5%</b>	<b>1.68%</b>	<b>420,301</b>	<b>10.7%</b>	<b>10.5%</b>	<b>12.15%</b>	<b>374,694</b>	<b>10.0%</b>	<b>10.5%</b>	<b>2.64%</b>	<b>19.01%</b>	<b>0.23%</b>	<b>-11.28%</b>	<b>-1.69%</b>
S&P 500				1.72%	1.94%				1.69%				12.18%				2.64%	19.11%	0.25%	-11.20%	-1.62%
<b>TOTAL LARGE CAP DOMESTIC EQUITY</b>	<b>574,805</b>	<b>15.2%</b>	<b>15.0%</b>	<b>1.96%</b>	<b>2.28%</b>	<b>600,031</b>	<b>14.8%</b>	<b>15.0%</b>	<b>2.91%</b>	<b>606,962</b>	<b>15.4%</b>	<b>15.0%</b>	<b>12.21%</b>	<b>540,970</b>	<b>14.5%</b>	<b>15.0%</b>	<b>3.16%</b>	<b>21.46%</b>	<b>-0.48%</b>	<b>-9.33%</b>	<b>-1.90%</b>
S&P 500				1.72%	1.94%				1.69%				12.18%				2.64%	19.11%	0.25%	-11.20%	-1.62%
<b>SMALL CAP DOMESTIC EQUITY</b>																					
<i>Manager-of-Managers</i>																					
SEI	193,574	5.1%	5.0%	-0.91%	3.15%	214,337	5.3%	5.0%	6.66%	205,804	5.2%	5.0%	14.88%	179,207	4.8%	5.0%	9.54%	32.99%	0.09%	N/A	N/A
Russell 2000 + 200bp				0.98%	4.38%				6.78%				15.07%				9.60%	35.99%	0.36%	N/A	N/A
<b>TOTAL SMALL CAP DOMESTIC EQUITY</b>	<b>193,574</b>	<b>5.1%</b>	<b>5.0%</b>	<b>-0.91%</b>	<b>3.15%</b>	<b>214,337</b>	<b>5.3%</b>	<b>5.0%</b>	<b>6.66%</b>	<b>205,804</b>	<b>5.2%</b>	<b>5.0%</b>	<b>14.88%</b>	<b>179,207</b>	<b>4.8%</b>	<b>5.0%</b>	<b>9.54%</b>	<b>32.99%</b>	<b>0.09%</b>	<b>-3.49%</b>	<b>1.64%</b>
Russell 2000				0.47%	4.21%				6.26%				14.52%				9.07%	33.36%	-1.63%	-3.30%	0.97%
<b>CONVERTIBLES</b>																					
TCW	383,453	10.2%	10.0%	2.30%	2.54%	414,944	10.2%	10.0%	2.51%	404,853	10.3%	10.0%	9.99%	368,085	9.8%	10.0%	1.86%	17.50%	10.23%	-9.51%	3.90%
First Boston Convertible Index				-0.13%	1.19%				2.57%				8.54%				2.67%	14.16%	15.46%	-3.77%	5.29%
<b>INTERNATIONAL EQUITY</b>																					
<i>Large Cap - Active</i>																					
Capital Guardian	298,786	7.9%	8.0%	-1.02%	1.01%	341,459	8.4%	8.0%	3.54%	328,754	8.3%	8.0%	13.07%	293,175	7.8%	8.0%	8.18%	25.36%	-10.31%	-15.85%	0.02%
MSCI EAFE - 50% Hedged				1.16%	2.28%				4.09%				13.15%				6.58%	26.98%	-11.24%	-15.51%	-5.33%
<i>Small Cap - Value</i>																					
Lazard	41,062	1.1%	1.0%	4.81%	4.19%	45,866	1.1%	1.0%	8.63%	42,104	1.1%	1.0%	14.50%	39,792	1.1%	1.0%	9.92%	43.30%	N/A	N/A	N/A
Citigroup Broad Market Index < \$2BN				-0.16%	4.60%				12.80%				13.31%				15.95%	47.95%	N/A	N/A	N/A
<i>Small Cap - Growth</i>																					
Vanguard	39,292	1.0%	1.0%	-0.03%	3.37%	43,063	1.1%	1.0%	10.37%	45,179	1.1%	1.0%	14.06%	38,606	1.0%	1.0%	14.95%	44.68%	N/A	N/A	N/A
SSB BROAD MARKET INDEX < \$2BN				-0.16%	4.60%				12.80%				13.31%				15.95%	47.95%	N/A	N/A	N/A
<b>TOTAL INTERNATIONAL EQUITY</b>	<b>379,139</b>	<b>10.0%</b>	<b>10.0%</b>	<b>-0.20%</b>	<b>1.61%</b>	<b>430,388</b>	<b>10.6%</b>	<b>10.0%</b>	<b>4.79%</b>	<b>416,037</b>	<b>10.6%</b>	<b>10.0%</b>	<b>13.32%</b>	<b>371,574</b>	<b>9.9%</b>	<b>10.0%</b>	<b>9.00%</b>	<b>29.16%</b>	<b>-9.20%</b>	<b>-15.51%</b>	<b>0.27%</b>
MSCI EAFE - 50% Hedged				1.16%	2.28%				4.09%				13.15%				6.58%	26.98%	-11.24%	-15.51%	-5.33%
<b>DOMESTIC FIXED INCOME</b>																					
<i>Core Bond</i>																					
Western Asset	657,951	17.4%	16.7%	-1.94%	1.00%	1,020,706	25.2%	25.0%	2.96%	993,545	25.2%	25.0%	1.61%	973,882	26.0%	25.0%	-0.17%	2.42%	12.77%	11.23%	8.12%
Lehman Aggregate				-2.44%	0.57%				2.66%				0.32%				-0.14%	0.32%	10.39%	10.07%	7.54%
<i>Index</i>																					
Bank of ND	853,270	22.6%	25.0%	-2.47%	0.34%	561,648	13.8%	15.0%	3.01%	532,410	13.5%	15.0%	0.07%	532,752	14.2%	15.0%	-0.46%	0.07%	13.26%	10.87%	7.78%
Lehman Intermediate Gov/Credit (1)				-2.52%	0.30%				3.08%				-0.03%				-0.50%	-0.05%	13.14%	10.82%	7.83%
<i>BBB Average Quality</i>																					
Strong	365,098	9.7%	8.3%	-3.47%	0.55%	413,896	10.2%	10.0%	3.30%	411,262	10.4%	10.0%	1.46%	408,258	10.9%	10.0%	0.02%	1.18%	17.91%	N/A	N/A
Lehman US Credit BAA				-2.86%	1.19%				3.41%				1.22%				0.27%	1.96%	18.33%	N/A	N/A
<b>TOTAL DOMESTIC FIXED INCOME</b>	<b>1,876,319</b>	<b>49.7%</b>	<b>50.0%</b>	<b>-2.51%</b>	<b>0.61%</b>	<b>1,996,250</b>	<b>49.2%</b>	<b>50.0%</b>	<b>3.05%</b>	<b>1,937,217</b>	<b>49.2%</b>	<b>50.0%</b>	<b>1.15%</b>	<b>1,914,892</b>	<b>51.2%</b>	<b>50.0%</b>	<b>-0.21%</b>	<b>0.79%</b>	<b>13.18%</b>	<b>10.80%</b>	<b>7.81%</b>
Lehman Gov/Credit				-3.17%	0.41%				3.08%				-0.03%				-0.50%	-0.72%	13.14%	10.82%	7.83%
<b>CASH EQUIVALENTS</b>																					
<i>Bank of ND</i>																					
90 Day T-Bill	367,920	9.7%	10.0%	0.31%	0.12%	400,415	9.9%	10.0%	0.29%	370,039	9.4%	10.0%	0.29%	364,833	9.8%	10.0%	0.30%	1.20%	1.57%	3.26%	4.15%
				0.24%	0.07%				0.24%				0.26%				0.25%	0.98%	1.52%	3.33%	4.08%
<b>TOTAL BONDING FUND</b>	<b>3,775,210</b>	<b>100.0%</b>	<b>100.0%</b>	<b>-0.70%</b>	<b>1.28%</b>	<b>4,056,365</b>	<b>100.0%</b>	<b>100.0%</b>	<b>2.97%</b>	<b>3,940,911</b>	<b>100.0%</b>	<b>100.0%</b>	<b>5.37%</b>	<b>3,739,560</b>	<b>100.0%</b>	<b>100.0%</b>	<b>1.98%</b>	<b>9.88%</b>	<b>7.52%</b>	<b>1.61%</b>	<b>4.90%</b>
POLICY TARGET BENCHMARK				-1.18%	1.06%				2.80%				4.65%				1.59%	8.00%	7.25%	2.20%	4.57%

NOTE: Monthly returns and market values are preliminary and subject to change.

(1) Prior to April 1, 2004, the benchmark was the LB Govt/Credit index.